



Financial Security...for Life.

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Testimony of the American Council of Life Insurers
Before the Joint Committee on Aging
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House Bill 5337 - AN ACT ESTABLISHING A TASK FORCE TO EVALUATE THE UTILITY OF CREATING A PUBLIC RETIREMENT PLAN

Senator Prague, Representative Serra, and members of the Joint Committee on Aging, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments on **House Bill 5337 - AN ACT ESTABLISHING A TASK FORCE TO EVALUATE THE UTILITY OF CREATING A PUBLIC RETIREMENT PLAN**. Life insurance companies have a distinct and knowledgeable perspective as providers of comprehensive retirement products which serve the needs of individuals and employers both large and small in Connecticut.

Life insurance is a key part of the Connecticut's economy. The state is fortunate to have a strong group of domestic life insurance companies located in the state. The life insurance industry directly employs 37,000 Connecticut residents and supports an additional 54,000 related jobs in the state. In addition, life insurers invest approximately \$80 billion in Connecticut's economy.

House Bill 5337 would create a task force to study the feasibility of the state crafting a retirement plan to be offered to private employers. In essence, the state would play the role of a financial services company, putting life insurers at a competitive disadvantage while not directly addressing retirement savings challenges. Instead, the state should encourage additional private sector retirement plan coverage and employer awareness; not compete in or replace the competitive marketplace of retirement plan products and services already available to Connecticut employers and workers.

Proposals to create state-sponsored public retirement plans have been introduced in several states over the past few years and yet no state has passed the legislation. Proponents generally claim that there is a lack of employee access to employment-based retirement plans. Proponents further assert that a state-run plan would result in administrative cost savings for employees as compared to products offered by private providers. However, even a state-run retirement plan cannot avoid the complex requirements set by federal law and related administrative costs. There is no evidence supporting the claim that a state-run plan can be administered in a way that is less costly than what is currently available in the marketplace.

The Nutmeg state has a vibrant retirement services marketplace. Therefore, we do not see any benefit to Connecticut consumers in the creation of a state-based retirement plan for private employers leading to direct competition with Connecticut financial institutions. Instead, we urge the Committee to allow the private marketplace to continue to provide financial protection to Connecticut's citizens.

Thank you for your consideration of our position. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

ACLI is a trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 237 ACLI member companies licensed to do business in Connecticut, accounting for 86 percent of the ordinary life insurance in force in the state.